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Working Capital Management Strategies to Increase Bank Profitability

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This is to certify that the doctoral study by

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has been found to be complete and satisfactory in all respects,

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2020

Abstract

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BS, University of Baghdad, 1974

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

More than 50% of business failures in the United States are because of business leaders' inability to manage working capital. Some bank leaders lack strategies to improve working capital management. Grounded in the cash conversion cycle theory, the purpose of this qualitative multiple case study was to explore the strategies bank leaders used to improve working capital management. The participants consisted of 3 managers from 3 different U.S. banks in Kentucky, who successfully implemented working capital management strategies to increase bank profitability. The data collection process included semistructured interviews and company documents provided by the participants. Data were analyzed using Yin's five-step data analysis process and resulted in 3 themes: risk and liquidity, top-down approach, and investment approach. The 3 themes consisted of strategies to improve working capital, leading to business profitability and an increase in employment opportunity. The implications of positive social change may include a rise in employment opportunities, which could result in less crime in the community, more tax revenue for the local government, and an improved standard of living for community members.

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Dedication

I dedicate this study to my family for their love and support during this journey. They always had a word of encouragement. The doctoral study was for all the people that I know to tell them that all things are possible.

Acknowledgments

I would like to thank my chair Dr. Washington, the second committee member Dr. Doll, and the URR Dr. Anthony for their valuable feedbacks during my doctoral study journey.

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Section 1: Foundation of the Study

Working capital management is essential for efficient operation of the organization because it ensures effective use of financial resources (Kieschnick, Laplante, & Moussawi, 2013). Working capital management has been an area of interest to many researchers because it prevents liquidity problems and improves the capacity of the organization to manage severe financial problems or any other unexpected change (Gill & Biger, 2013). Working capital management allows business leaders to maintain a production schedule and maintain sales (Ogbo & Ukpere, 2014). Business leaders use a working capital line of credits to carry out the day-to-day activities of an organization (Tahhir & Anuar, 2016). Organizations need working capital line of credits to (a) acquire raw materials, (b) pay for labor, (c) create a stock to meet the consumers' demand, and (d) to provide goods on credit for its customers.

Background of the Problem

According to the United States Securities and Exchange Commission (SEC, 2013), more than 50% of business failures in the United States are because of business leaders' inability to manage working capital. The companies with limited access to financing must effectively utilize working capital to avoid cash flow discrepancy. Cash flow is important to company sustainability. A company needs enough cash to make payment for expenses and purchases. Cash flow activities includes: day-to-day activities the firm and delivering and selling goods and services at a profit to meet the market demand. Bank managers need to increase the cash flow to increase profitability, which enables banks to give out loans. Ogbeide and Akanji (2017) found cash flow from financial activities increased the financial performance of the insurance companies. In this study, I will focus on working capital management strategies and business profitability. The study findings may help the financial business manager to change or modify their strategies to become more efficient in managing working capital and to improve cash flow.

Problem Statement

Working capital mismanagement presents a cash flow challenge for business organizations (Karadag, 2015). Inefficient working capital management contributes to more than 50% of business failures (SEC, 2013). The general business problem is some bank managers' inefficient use of working capital management negatively affects profitability. The specific business problem is some bank managers lack working capital management strategies to improve profitability.

Purpose Statement

The purpose of this qualitative multiple case study was to explore working capital management strategies bank managers use to improve profitability. The specific target population for this study were three managers from three different U.S. banks located in Lexington, Kentucky, who have successfully implemented working capital management strategies to increase bank profitability. The findings from this research may help improve business profitability. Effective working capital management could result in business profitability and continuity (Leroy, Manigart, Meuleman, & Collewaert, 2015). Improvement in profitability of banks may lead to business growth, resulting in more employment opportunities for people in the community. Employment opportunities may increase tax revenue for the government and an improved standard of living for the people.

Nature of the Study

There are three types of research methods: qualitative, quantitative, and mixed method (Marshall & Rossman, 2016). Researchers use the qualitative research method to create meaning about a phenomenon derived from participants' knowledge and experience by asking how and why questions (Cronin, 2014). I selected the qualitative research method because I explored the participants' experience in improving working capital management. The quantitative method is suitable for understanding the relationship between variables using numerical analysis (Marshall & Rossman, 2016). In this study, I was not conducting a numerical analysis or using statistical means of understanding the relationship between dependent and independent variables. Therefore, the quantitative method was suitable for this study. Venkatesh, Brown, and Bala (2013) indicated a mixed-method approach is advantageous when the research questions call for both qualitative and quantitative methods or to overcome the inherent weaknesses of single method studies. Because the quantitative method was not appropriate, the mixed method approach did not serve the purpose of this study.

Under the qualitative method, a researcher can choose from various designs such as phenomenological, ethnography, narrative, and a case study design (Marshall & Rossman, 2016). The selection of a research design depends on the nature of the research question (Wester, Borders, Boul, & Horton, 2013). The phenomenological design is suitable for research focused on exploring the lived experiences of participants in a general setting (Yin, 2017). The phenomenological design was not ideal for this study because I intended to focus on the experiences of participants in specific settings to understand the research phenomenon, not the daily lived experiences of the participants. Ethnography is suitable for the study of an orderly observation of human cultures (Jerolmack & Khan, 2014). Human culture is not the focus of this study, and therefore, ethnography design is not suitable. Narrative inquiry is the study of human experience through the stories of participants (Rechel, Mladovsky, & Devillé, 2012). In this study, my research question did not focus on the stories of participants' experiences. Therefore, the narrative design was not appropriate for this study. The case study design allows a researcher to select specific cases with a small number of participants who have experience with the phenomenon in a specific setting (Cronin, 2014).

I selected a multiple case study design because the approach best suits my question and purpose focused on understanding strategies managers use in practice. I interviewed three participants, each from separate companies, who have the knowledge and the experience of the research phenomenon. Collecting data from multiple sources to achieve methodological triangulation is beneficial in any qualitative study, but necessary in case study research (Moser & Korstjens, 2018; Yin, 2017). In addition to these interviews, I collected data through document reviews of company materials.

Research Question

The research question guiding this study was: What working capital management strategies do bank managers use to improve profitability?

Interview Questions

The following interview questions support the central research question:

1. What working capital management strategies do you use?
2. How do those strategies work to improve profitability?
3. Please provide me some examples of how those strategies have worked?

4. What barriers do you encounter in using working capital management strategies to increase bank profitability?
5. What strategies that have not worked and how have you adapted or changed them to be a better fit or more effective?
6. How do you assess the effectiveness of working capital management strategies?
7. What additional information would you like to share regarding how you use working capital management strategies to increase profitability?

Conceptual Framework

The conceptual framework for this study was the cash conversion cycle (CCC) theory. Gitman (1974) first introduced the concept of the CCC. Gitman stated an efficient CCC is necessary for working capital management. According to Gitman, CCC period represents a number of days between a business pay for the raw materials and receive cash from account receivables. CCC is about how quickly business leaders turn its resources into cash flow (Lin, Horng, & Chou, 2016). Later, Richards and Laughlin (1980) converted the CCC concept into a theory. According to CCC theorists, a short CCC will increase business profitability (Lin et al., 2016).

The turnaround of the cash indicates the efficiency of working capital management. Oseifuah and Gyekye (2017) stated a longer accounts payable, shorter receivable period, and shorter inventory period shortens the CCC. The conceptual framework applies to this study because the theory may help explain how bank managers can remain profitable through working capital management, which includes management of both accounts receivable, accounts payable, and inventories.

Operational Definitions

Cash conversion cycle (CCC): CCC is how quickly business leaders turn company resources into cash flow (Lin et al., 2016).

Working capital management: Working capital management is managing funds used to carry out the day-to-day activities of an organization (Tahhir & Anuar, 2016)

Overcapitalization: Overcapitalization is an economic situation in which the market value of a company's asset is greater than its actual value (Sealy, Milman, & Baily, 2016).

Assumptions, Limitations, and Delimitations

Assumptions, limitations, and delimitations are important for scholars endeavoring to produce research worthy of review by peers. Assumptions in a doctoral study are things a researcher assumes to be true but not verified (Marshall & Rossman, 2016). Limitations are possible weaknesses of a research study such as time, place, and unique circumstances, which are out of the control of the researcher (Yin, 2017). Delimitations are the characteristics of a doctoral study, which define boundaries and limit the scope of the study (Yin, 2017).

Assumptions

Assumptions are sensible anticipations of something may be factual, and there is no sufficient evidence to sustain these beliefs (Ehrhardt & Brigham, 2013). Assumptions provide a framework for the development and implementation of the research process (Nilsen, 2015). A qualitative researcher begins with certain assumptions in the research (Marshall & Rossman, 2016). My first assumption was the sample size is enough to reach data saturation. The second assumption was participants would provide honest and truthful answers to interview questions.

The third assumption was the study finding findings could be generalized to other industries besides banking industry.

Limitations

Limitations are study weaknesses, which are usually out of the researchers' control. (Haynes, 2015). One weakness of this study was limiting the study to the banking industry, which might affect the transferability of the findings to other industries. A researcher's own bias is another limitation of any research. My research biases could create the potential for ambiguous or unusable research results. I mitigated my biases by being mindful of preconceived beliefs and opinions about the research topic using bracketing techniques. Bracketing is a technique to minimize bias in the research through a self-reflexive process (Chan, Fung, & Chien, 2013). The other limitation was the research participants might be reluctant to provide sensitive information.

Delimitations

Delimitations are boundaries set by the researcher (Haynes, 2015). Establishing the limits, boundaries, and locations of the research samples help to determine the scope of data collection for the study. The first delimitation was I would focus the study on three banks located in the Lexington /Kentucky area. The second delimitation was I would use purposeful sampling to choose my study sample. The third delimitation was selecting participants with a minimum of 5 years of experience in managing working capital in the banking sector.

Significance of the Study

The results of this study include potential implications for business practice and social change. Working capital management is important because it has positive impacts on firm value

(Wasiuzzaman, 2015). The proper management of working capital could contribute to increasing cash flow business leaders can use for future growth. The business growth has positive social implications for the people in the community.

Contribution to Business Practice

The result of this study may help financial business leaders to modify their existing strategies to become efficient in managing working capital. Pais and Gama (2015) indicated efficient working capital management is necessary for business long-term sustainability and growth. Improving a bank manager's knowledge of efficient working capital management strategies may contribute to efficient business practices by helping managers to reduce cash conversion cycle, which could increase firms’ profitability (Pias & Gama, 2015). Efficient working capital management reduces the CCC to enhance profitability, thereby creating value for company shareholders (Oseifuah & Gyekye, 2017).

Implications for Social Change

The study findings may have some positive implications. Business profitability could result in economic growth of the community. The effect on business growth is more employment opportunity and less job loss. The positive social change is a rise in employment opportunities could result in less crime in the community, more tax revenue for local government, and an improved standard of living for people. According to Ogbogbomeh and Ogbeta (2014), when an organization contributes to society, it could help them to ensure business continuity.

A Review of the Professional and Academic Literature

The objective of this qualitative multiple case study was to explore the strategies some bank managers use to manage their working capital to achieve the bank's profitability. I reviewed various peer-reviewed journals, books, dissertations, and government websites. The databases I used were Business Source Complete, ABI/INFORM Complete, Emerald Management, Sage Premier, Academic Search Complete, and ProQuest Central. I also used Google Scholar, ProQuest Central, and AOSIS Open Journals. The keywords and phrases I used to search the database included small business, working capital, financing, credit sources, and credit constraints. I gave preference to articles published after 2014. I used Crossref and Ulrich periodicals to verify the peer-reviewed articles. The literature review involved reviewing 182 sources, of which 86% were peer-reviewed, and 85% were published between 2014 and 2018.

The themes I discussed in the literature review are working capital management, cash conversion cycle, liquidity, cash management, cash flow, cost of working capital management, working capital management, and profitability. The leadership styles reviewed include transformational leadership, transactional leadership, and adaptive leadership styles. The application to business practices in the study may provide mechanisms to improve the profitability and overall performance of the organization through successful management of working capital. The social implication of this study is the effective management of working capital may lead to business growth, which in turn could create employment opportunities for the local community. The employment opportunities could raise the standard of living and improve the well-being of the people.

Cash Conversion Cycle

Cash conversion cycle (CCC) indicates the efficiency of working capital management. According to Das (2015), the CCC is the time between the firm's purchase of raw material and receipt of cash from sales. The CCC is an active measure of liquidity of the firm over time (Das, 2015). CCC affects companies' profitability. Zeidan and Shapir (2017) studied a real estate company in Brazil to understand the effect of the CCC on the firm's profitability. The real estate company reduced the working capital requirement by $1 billion between 2012 and 2015, increasing cash flow to equity, stock price, and the company's profitability. The study supported the findings from Ramiah et al. (2016), who found a positive relationship between working capital management and shareholder value. The decrease in the cash conversion cycle can increase the profitability of enterprises (Lyngstadaas & Berg, 2016). Similarly, Cristea & Cristea (2016) examined the relationship between cash conversion cycle and corporate profitability for manufacturing companies. Cristea found an increase in the cash conversion cycle decreases the profitability of the firms.

Some researchers found different results about the connection between cash conversion cycle and profitability. For example, Lazaridis and Tryfonidis (2006) found a negative relationship between CCC and profits. Umoren and Udo (2015) found a negative relationship between profitability and CCC and leverage. Across 18 different industries, CCC has had no significant impact on financial performance (Bhati & Srivastava, 2016).

The components of CCC are sales outstanding days, account receivables, payable, collection period, and inventory turnover period. Upadhyay, Sen, and Smith (2015) studied the relationship between the components of CCC and the profitability of hospitals in the state of

Washington. Upadhyay et al. attempted to fill the gap in the existing literature by studying the two components of the CCC and its relationship to profitability in the hospital field. The two components of CCC are accounts receivable and account payable, which positively affect business profitability. A firm's manager could increase their company profitability by reducing the collection period and inventory turnover period (Nejad, Bandarian, & Ghatebi, 2015). Cristea (2016) suggested the firms can enhance profitability by reducing CCC components, which are sales outstanding days, inventories turnover days, and payable days outstanding.

The CCC has a significant effect on a company's return on equity than the company value. Majanga (2015) examined the relationship between a company's return on equity and CCC using correlation and regression analysis. Using sample data from Malawian manufacturing companies from the period 2007 to 2015, Majanga found the inverse relationship between the CCC and the return of investment and return on equity, which showed the CCC has a significant impact on a firm's profitability. Contrary to the above findings, Raheman and Naser (2007), and Shagir (2014) found a weak relationship between individual elements of CCC and firm value.

Contrasting Theories

The firm's deficit could negatively affect cash flow. Therefore, effective management of working capital is essential to manage deficits. Capital structure affects the working capital management (Koralun-Bereźnicka, 2014). The pecking order theory and trade-off theory influence in determining the capital structure of a firm. According to the tenets of capital theory, business leaders give the following preference in financing while determining capital structure: internal financing, debt financing, and equity financing (Onatca Engin, Unver Erbas, & Sokmen, 2019). The trade-off theory enables business leaders to decide the right mix of debt and equity in capital structuring (Rahman, 2019). According to De and Banerjee (2017), business leaders using trade-off theory consider debt tax benefits and bankruptcy costs while determining the capital structure. Santarelli and Tran (2018) explored 2000 small and medium-size enterprises (SMEs) and found that young companies primarily utilized internal resources because of difficulties accessing formal debts, which is in line with the tenet of pecking order theory. The large firms that have access to external sources of funds took advantage of those funds for tax leverage aligning with the preposition proposed in the trade-off theory (Santarelli & Tran, 2018). Therefore, deciding whether to use pecking order theory and the trade-off theory while doing capital structuring depends on the size of the company.

The firm size plays a significant role in capital structuring. Jarallah, Saleh, and Salim (2019) studied 1362 publicly listed nonfinancial companies in Japan and found that companies deployed the pecking order concept in capital structuring. Large growth-oriented firms chose long term debt over short term debt by aligning assets and liabilities, which is relevant to the trade-off model (Jarallah et al., 2019). However, Bhama, Jain, and Yadav (2018) found that business leaders preferred debt over equity to finance deficit gaps in all firms, which supported the tenet of the Pecking order theory. Kiraci and Aydin (2018) examined the capital structures of 31 airline companies. Kiraci and Aydin found that all companies' operation was in line with the trade-off theory while determining the long-term debt ratio. In contrast, companies were in line with the pecking order theory when determining the total debt ratio. Kiraci and Aydin concluded that the companies size has a favorable effect on long term debt ratio, and asset size significantly affects the access to long term external funds. Basti and Bayyurt (2019) collected data from 292 firms to investigate the relationship between company leverage, inflation, tangibility, size, GDP growth, and capital structure. Basti and Bayburt found indebtedness had a significant association with tangibility, inflation, growth, and industry medium leverage in large firms, which are per the prediction of trade-off theory. The profitability and growths were in line with the prediction of the pecking order theory. Basti and Bayyurt concluded that large firms follow the trade-off theory for their capital structure.

Business leaders use cost-benefit analysis in debt financing versus equity financing. Bhama et al. (2018) examined companies listed in Bombay stock exchange to understand how companies within various age brackets utilize financing hierarchy in determining capital structure to manage the deficit. Jarallah et al. (2019) noted that debt financing takes place as a result of the internal financial deficit. The leaders of large firms preferred debt financing because of better-negotiating terms with debt providers (Bhama et al., 2018). In another empirical study, Komera and PJ (2015) found that not all firms followed pecking order while financing. The firm's choice of financing, hierarchy depended on the firm's size, information asymmetry, debt capacity, and deficit.

Working Capital Management

The working capital requirement negatively affects growth because the companies which have limited access to financing use working capital as a substitute for cash to fulfill operational business needs. Therefore, SMEs facing borrowing constraints should diligently consider how the business should use working capital management (WCM) strategies during value creation (Zeidan & Shapir, 2017). Eya (2016) examined the impact of working capital management on firms' performance. In this case study, Eya used behavioral finance theory and the economic order quantity (EOQ) model to understand the capital management of Nestle

Food company in Nigeria. Eya found a positive relationship between working capital management and current ratio (CUR), a quick ratio (QUR), and a return of asset (ROA). Eva showed that working capital management is necessary to ensure cash generation to meet their operational activities and for debt payment.

A company's assets and liability determine the amount of working capital needed form business continuity and profitability. The difference between total assets and current liabilities affect a firm's profitability, risk, and the value of the organization. Maama, Kusi, and Nsowah (2016) stated short-term and long-term management of the company's current liability and current assets affects firms' performance. According to Nag and Arickal (2016), working capital management depends on current assets. Current assets can be easily converted into cash to meet companies' day to day activity to run the business. Lyngstadaas and Berg (2016) stated to increase performance, the business leaders need to keep the working capital to total assets ratio high.

Working capital management components have a significant effect on an organization's profitability. Usman, Shaikh, and Khan (2017) examined the impact of working capital management components on firms' profitability. The working capital management components are receivable days (RADs), inventory days (IDs), payable day (PADs), cash conversion cycle, and current ratio (CR). During analysis, Usman et al. considered the firms' size, age, and leverage and the country growth and financial crisis, which could affect the components of working capital management. The study finding resulted in discovering the contrary impact of inventory days, receivable days, payable days, and the cash conversion cycle on the firm's profitability. In the study, the authors found extended recovery periods affect the accessibility of the supply of material, which intern impact firm operations and profitability. Afrifa and Padachi (2016) studied the connection between the level of working capital as the cash conversion cycle and the profitability of SMEs. In this empirical study, Afrifa and Padachi found a concave relationship between working capital management and profitability. Tran, Abbott, and Jin-Yap (2017) studied Vietnamese SMEs and found working capital management has a significant impact on firm value.

Effective working capital management will help business leaders to close the time gap between production and receiving cash from sales. Ineffective management of working capital could affect organizational productivity. Al Dalayeen (2017) studied the capital available to meet the day-to-day operations of an organization. Al Dalayeen stated the capital necessary for an operation depends on the industry type and the total assets of an organization. In this research, Al Dalayeen examined the impact of working management on profitability. Al Dalayeen found turnover ratio and the current ratio have a positive effect on profitability. Al Dalayeen indicated the rate of inventory turnover was low in companies and suggested converting the inventory to sales would improve productivity. Otherwise, it could be problematic for companies.

Cash conversion cycle, inventory flow period, operating earnings, and account payable periods are components of working capital. Samilogiu and Akgun (2016) investigated the relationship between working capital components with performance and profitability in Turkish manufacturing firms. The working capital components were account receivable, cash conversion cycle, return on assets, inventory conversion period, account payable, and return on equity. Samilogiu and Akgun found a significant relationship between account receivable period, cash conversion cycle, and the return on assets. However, Samilogiu and Akgun found an insignificant correlation between the inventory conversion period, accounts payable period, and return on equity.

Few authors in the literature explored the effect of the cash conversion cycle on net profit ratio, return on equity, inventory holding period, and cash ratio. Aravind (2016) found a positive correlation between cash conversion and net profit ratio but found a negative relationship with a return on equity in Indian manufacturing companies. Indian manufacturing firms had high payable days outstanding, moderate sales outstanding days, and high inventory days outstanding (Arvind, 2016). Aravind did not find any evidence or relationship between working capital and profitability during various states of the economy. Tsagem, Aripin, and Ishak (2015) investigated SMEs in Nigeria and found a positive relationship between inventory holding period, and cash conversion cycle and cash ratio. Tsagem, Aripin, and Ishak concluded efficient working capital management is desirable for business survival and growth, especially in developing economies countries.

Capital management strategies are essential for business but can vary among company types. Talonpoika, Timo Karri, Miia, Pirttila, and Monto (2016) identified 11 working capital management strategies, which are suitable for all companies, regardless of profitability, capital intensity, or working capital requirements. Kasiran, Mohamad, and Chin (2016) found SMEs were less efficient in managing working capital in Malaysia. Passandideh and Darabi (2015) discovered that investment strategies have a significant effect on assets, but investment strategies have no impact on the market value of the firm. Passandideh and Darabi recommended improving working capital through appropriate product pricing and responding to the change in demand and benchmarking performance with similar industries in the same area. Lyngstadaas and Berg (2016) evaluated the effect of working capital on 21,075 SMEs in Norway and found the relationship between working capital and performance is quadratic and is not linear for the firms in the high and low investment. Also, in this study, Lyngstadaas and Berg showed the best investment level in working capital management could result in an improved firm's performance. Attom (2016) found working capital management is a financial strategy to improve the profitability and growth of micro and small- a scale of enterprises. Dixit (2015) found working capital management has a significant impact on the liquidity and profitability of information technology companies. Afrifa (2015) investigated the relationship between working capital management practices on the profitability of small and medium and the result of this study showed the manager needs to focus on the setting of the target level for the working capital budget to increase the profitability. El- Maude and Shuaib (2016) investigated the association between working capital management and its impact on firms' performance for ten food and beverage companies in Nigerian between 2010 to 2014 period. The study resulted in a negative and significant relationship between cash conversion cycle and accounts receivable with profitability sequent. Also, in this study, El- Maude and Shuaib found inventory days are positively related, but not statistically significant, while account payable is positively related and statistically significant to the firm's profitability.

Liquidity and solvency have some impact on a company's profitability. Kumar (2016) analyzed and evaluated the liquidity position of the company through the components of working capital of the company and found working capital management has a positive impact on the profitability. Pramila and Kumar (2016) studied Tata steel company's profitability, liquidity, and solvency position, and the results indicated lower fixed assets ratio of Tata steel limited was satisfactory, whereas the working capital turnover ratio was not satisfactory. Pramila and Kumar recommended the company management needs to work to improve and efficient exploitation of cash and bank balance in attracting investment to pay back short-term liabilities.

Various authors have studied the effect of working capital in Nigerian companies. Muhammad, Jibril, Wambai, Ibrahim, and Ahmad (2015) study findings resulted in a positive relationship between average collection period, current ratio, and the size of a firm to profitability in companies listed on the Nigeria Stock Exchange. Also, a negative relationship existed between inventory turnover period and average payment period with profitability (Muhammad et al., 2015). Muhammad et al. (2015) reached a conclusion, which was profitability can be improved if the firm manages their working capital in a more efficient way by reducing the number day account receivable to a reasonable time. Adagye (2015) examined the effects of working capital management on the profitability of deposit money from the banks listed on the Nigerian Stock Exchange. Adagye showed how proper management of working capital management would increase in banks' profitability.

A significant relationship exists between working capital management and profitability. Umoren and Udo (2015) examined the impact of working capital management on the liquidity and profitability of select banks in Nigeria. In the study, the authors found a positive relationship between banks performance and the size of banks. Mbawuni, Mbawuni, and Nimako (2016) studied the impact of working capital management on the profitability of retail petroleum firms in Ghana and found the working capital management component for profitability comes from a return from the assets and the average day payable. Negasa (2016) explored the effect of capital structure on firms ‘profitability in Ethiopian large private manufacturing firms. Negasa found a positive relationship between total debt ratio and profitability in Ethiopian large private manufacturing firms. According to Negasa, the issue with the Ethiopian large private manufacturing firms was a higher level of liquid asset. Negasa suggested to reduce the number of current assets to improve the profitability of the firms, but the reduction in assets should not less than the standard ratio of 2 to1.

Effective working capital management is necessary to improve a firm’s overall performance. Mandiefe (2016) conducted a case study on AFRILAND First Bank in Cameroon. The analysis of data showed customers' deposits, the size of the bank, outstanding expenditure, return of assets all had a positive impact on bank profitability and were statistically significant, whereas the loan portfolio had a positive impact on bank performance, but was statistically insignificant. Mandiefe found other factors like leverage and short-term financial assets influenced profitability. Lampty, Frimpong, and Morrison (2017) examined the influence of working capital management on the performance of the small and medium enterprise in Ghana. The authors used cash conversion period, average account receivable days, average inventory turnover days, and average account payable days as proxies for working capital management. The researcher found cash conversion period, account receivable days, and inventory turnover days are negatively related to firms' performance, while account payable days have a positive relationship with firms’ performance. Lampty et al. (2017) noted decreasing the cash conversion period, account receivable days, and inventory turnover days could lead to an increase in profitability.

There are few studies relating to working capital management in the South Asian companies. Iqbal and Zhuquan (2015) studied banks from Pakistan and found efficient and well-organized management of cash holding enhances profit margin and also contributes towards economic growth by offering advantages to clients, shareholders, investors, regulators, government, and society at large. Senthikumar and Sengottaiyan (2015) study of 20 Indian SMEs in the textile sector concluded efficient working capital management is necessary for business survival and growth. Iqbal (2015) investigated the relationship between working capital antecedents and the profitability of the companies listed on the Karachi stock exchange and found a significant relationship between working capital management and profitability. Pandey and Sabamaithily (2016) found a positive relationship between working capital management on the profitability of the cement industry in India. The study from Pandey and Sabamaithily has some limitation related accuracy of data collected because the data came from resources such as moneycontrol.com, profit and loss statements of companies. Tahir and Anuar (2016) studied the relationship between working capital management and the firm's profitability in the textile sector of Pakistan. The researcher concluded a negative association between average collection period in days, current assets to operating income, and current assets to sale ratio, cash turnover ratio, current liabilities to total assets ratio. The result also showed an increase in the account receivable companioned to a decrease in profitability. Moreover, this study results indicated the account payment has a positive relationship with the firm performance.

The literature review resulted in more studies in working capital management strategies in SHARK nations. Thakur and Al- Mukit (2017) discussed working capital management decisions in the financial policy of the companies in Bangladesh. In this study, the authors attempted to understand the impact of working capital financing policy on the firms' profitability of manufacturing companies in Bangladesh. These manufacturing companies represented different sectors, which include food and allied, textile, engineering, cement, ceramics, fuel and power, jute, paper and printing, and chemicals and pharmaceuticals. In this study, the authors found a higher level of current liabilities a firm deploys to finance its assets could result in a lower return of the assets showing an insignificant relationship between working capital financing policy and return on assets. The authors recommended the managers of the Bangladeshi manufacturing company to rely more on long-term financing alternative if they are going to use conservative working capital financing policy. Iqbal and Zhuquan (2015) examined the relationship between working capital management and profitability of Pakistani firms. The outcome of the study showed a negative relationship between profitability and the average collection period, average payment period, inventory turnover in days, and the cash conversion cycle. Jahfer (2015) explored the effects of working capital management on manufacturing firms' profitability in Sri Lanka. Jahfer found a significant negative relationship between profitability and the number of days' accounts receivable. Jahfer recommended companies can increase their profitability by reducing the number of receivables days. Akram, Jamil, Alif, Ali, and Khan (2016) compared Pakistan and Indian companies working in the chemical sector to understand how working capital management affects the market return. The result of this research paper showed a significant negative relationship between average collection period and current assets to the total sales ratio with a market return in Pakistani and Indian companies. Kandpal (2015) analyzed the working capital management of 10 Indian construction companies for the 2007-

2012 period. Kandpal found no significant correlation between working capital management ratios and profitability.

Not all components of working capital have a positive effect on profitability. Semiology and Demirgunes (2008) found a negative relationship between working capital management and profitability. Afza, and Nazir (2007) found a negative relationship between profitability and business working capital management. Ukaegbu (2014) studied the effectiveness of working capital and corporate performance among different industrial sectors in Egypt, Nigeria, South Africa, and Kenya. In the research, the authors found an adverse relationship between WCM and corporate performance. Ukaegbu found a high cash conversion cycle reduces corporate profitability. Pais and Gama (2015) and Lyngstadaas and Berg (2016) in their studies showed no evidence of non- linear relationship between WCM and profitability using a robustness test. Knauer and Wohrmann (2013) found accounts payable management negatively affects profitability. Raheman and Nasr (2007) found a significant negative correlation between profits and number of days in inventories. Nouri, Bagheri, and Faith (2016) compared the working capital policies and financing decisions of 186 companies. The authors found no significant difference in working capital policies among active and bankrupt firms. Hoang (2015) found a negative relationship between cash conversion cycle, net trade cycle, average collection period, average inventory period, average payment period, and return on the assets.

Managers can take various working capital management approach. The two popular working capital management approach is aggressive and conservative (Tahhir & Anuar, 2016). In an aggressive working capital management approach, managers finance fixed assets through long-term debt, which can be risky yet profitable to the business (Tahhir & Anuar, 2016). The conservative working capital management epitomizes the cash level, and in this approach, managers finance permanent assets to meet all or part of seasonal needs (Tahhir & Anuar, 2016). The conservative working capital management approach is appropriate if the firm prefers to expand.

The economic value added (EVA) framework measure a company's profitability. Kratz and Kroflin (2016) studied the impact of working capital management in the (EVA) framework. The author showed an explanation gap when it comes to the predictability of the possible impact of the working capital on EVA. No general rule indicates an increase in working capital will necessarily increase EVA framework, and the decrease in net working capital will not significantly increase in EVA (Kratz & Kroflin, 2016). Kratz and Kroflin concluded reducing net working capital management will not grow in shareholder value in all cases.

Working Capital Components

Effective management of working capital is necessary to meet business operational and investment needs. Business leaders calculate working capital by subtracting the current liabilities from the current assets (Talonpoika, Karri, Pirttila, & Monto, 2016). Current assets are items in the company's balance sheet that are easy to convert to cash within a year (Delen, Kuzey, & Uyar, 2013). The current assets include cash, cash equivalents, short term-deposits, inventory, finished goods, prepaid expenses, account receivables, and marketable securities. Current liabilities are a financial obligation that is payable within a year (Lyngstadaas & Berg, 2016). The current liabilities are accounts payable, wages payable, income tax payable, accrued liabilities, short term debts, and other financial obligations. Working capital management is an approach to fill the gap between current assets and current liabilities (Tran, Abbott, & Jin, 2017). Management of current assists and current liabilities could improve cash flow.

The current ratio and quick ratio could enable business leaders to understand liquidity position while managing working capital. Current assets divided by current liabilities exhibit the company's liquidity position known as the current ratio. The higher current ratio means a company is capable of investing in a project for growth. The quick ratio is business leaders' ability to meet short-term financial obligations (Bibi & Amjad, 2017). The quick ratio reflects a company's true liquidity position. Quick ratio calculation does not include inventory because it could take months to convert inventory into cash. The business leaders consider quick ratio to understand the availability of working capital and often benchmark the quick ratio of competitors to determine if the company's quick ratio is improving over time (Salam et al. 2016). Proper management of accounts receivable, accounts payable, and credit sales could improve both current ratio and quick ratio.

A thorough understanding of how working capital components affect the business cycle is necessary to minimize risk and improve cash flow. Contrary to accounts receivable, accounts payable are cash going out, and business leaders could maintain liquidity through delayed payment terms to use funds to meet other business needs (Desai, Foley, & Hines., 2016). The amount of accounts receivable and accounts payable varies during the money management cycle, and therefore, an effective working capital management strategy is necessary to meet business operational activities (Bendavid, Herer, & Yucesan, 2017). Effective working capital management includes risk assessment strategy, credit debt collection policy, and credit risk-bearing approach (Nehf, 2017). Besides, effective management of working capital involves understanding the time required to turn the inventory into sales, business ability to pay the liabilities, and the time to collect money from a sale (Talonpoika et al., 2016). Scholars defined working capital in multiple ways, and various approach exists in measuring working capitals (Guariglia & Mateut, 2016). A thorough understanding of working capital and avenues to manage the components of working capital depends on the effectiveness of corporate governance.

Inventory management. Inventory management is essential to meet the sales demand. Elsayed and Wahba (2016) studied the relationship between inventory level and firms' performance. According to Elsayed and Wahba, the firms' inventory level depends on the organizational life cycle stage. The organizational leaders develop their strategies to fit between the inventory system and organization Settings. The authors found the design of an inventory system is not a linear process but rather a dynamic process and evolves with the power and interest of stakeholders. In the study, the authors showed a negative relation between inventory to sales ratio and organizational performance in the early growth stage and the maturity stage. There was a positive and significant relationship between inventory and performance during the rapid growth stage and the recovery stage. Elsayed and Whaba (2016) stated the organization needs to keep their inventory to a certain level to meet sales forecast.

Liquidity. Liquidity management is essential for companies in all industries. The lack of liquidity management could lead to a severe financial problem, including insolvency and bankruptcy. Malik, Awais, & Khursheed (2016) studied the impact of liquidity management in the healthcare industry. Liquidity measures a company's ability to pay short-term debts, usually with less than one-year maturity date. Malik et al. (2016) found a negative relationship between profitability and liquidity, meaning a reduction in liquidity will lead to an increase in profitability. Gaughan and Koepke (2014) used current ratio, average payment period, day's cash on hand, debt-to-capitalization period to analyze the liquidity of 600 US hospitals. Gaughan and Koepke found liquidity has a significant impact on hospitals' profitability.

Business leaders need to make a correct assessment of their business liquidity position to make informed business decisions. According to Richards and Laughlin (1980), incorrect evaluation of liquidity could result in business leaders not being able to understand the firms' working capital. Moreover, a wrong evaluation of liquidity may subject to risk for creditors and investors. The authors added the deterioration of firms' liquidity is a result of lower account receivable turnover and extended account collection period. Some firms' leaders use tools such as current ratio, acid test ratio, and account receivable turnover rate to evaluate liquidity (Richards & Laughlin, 1980). Traditionally, business leaders view current ration as an accurate indicator of a company's liquidity. The current ratio shows the firms' ability to meet its' financial obligations. The acid test ration relates to firms' current liability, current assets, cash on hand, and account receivables.

Account receivable turnover rate is an indicator of how a company converts its account receivable into cash. Cash flow is a measure of a company's liquidity. Cash flow is important for the company's sustainability. A company needs sufficient cash to cover their investment needs and to pay for the company debt. However, the positive cash flow may not be sufficient at any given time to cover investment-related cash flow necessities. Diana and Lucian (2016) conducted a study on the equilibrium of cash operating cycle phase between cash inflow and cash outflow and found the cash conversion ratio affects cash operating cycle equilibrium in the short term.

All companies operate on the accrual method of accounting, which means accounting companies' income and expenses as they are earned or incurred. Under the accrual method, the balance sheet and income statement reflect the company's performance. The accrual method gives the right image of the company's cash needs and helps business leaders to handle the cash issue and cash flow change over time.

Factors such as changes in credits and collection policy affect account receivable rates. According to Richards and Laughlin (1980), current ratio, account receivable rate, and acid test give a wrong indicator of a firm's liquidity position, and it focusses primarily on firms' operating cash flow. Therefore, the authors recommended using the cash conversion cycle to measure firms' liquidity position. The business leaders use the CCC to evaluate liquidity by looking into firms borrowing capacity and the volatility of cash flows (Richards & Laughlin, 1980). The authors noted business leaders need a better understanding of the interrelationship of CCC, firms' unused borrowing capacity, cash flow volatility, and future cash flows to get a useful insight into firms' liquidity. Ahmad (2016) examined the relationship between profitability and liquidity in the banking sector. In this quantitative study, the author found business leaders can achieve favorable profitability through liquidity management.

Cash flow. Positive cash flow is important to increase the liquidity position of the company. The cash management is to maintain a balance between the appropriate level of the cash needed to run the business and marketable securities to reduce the risk of insufficient funds for operation. Abimbola and Jegede (2017) examined the relationship between cash management practices and the performance of SMEs in Nigeria and found a definite relationship between small, medium size enterprise performance and cash management practices. Ogbeide and Akanji (2017) examined the relationship between cash flow and financial performance of insurance companies in Nigeria. The authors found cash flow from financing activities increased the financial performance of these insurance companies. According to Ogbeide and Akanji, the size of an insurance company did not affect increasing financial performance. The authors showed cash flow was a significant contributor to the financial performance of the insurance firms in Nigeria. The authors found the cash flow from operating activities significantly increased the financial performance of insurance firms. Financial managers face many of the challenges related to how to manage financial ratios because economic crisis and government rules can affect cash the firm holds at any time (Eya, 2016). Firms need to know how much cash they need to keep running their business. Holding a large amount of cash could lead to a loss in profitability because of a lack of cash investment, whereas holding a small amount of cash could disrupt the activities of a firm (Eya, 2016).

Cash management. Cash management is essential for positive cash flow. Nwarogu, Augustine, Lombagah, and Jacob (2017) examined the cash management and performance of listed firms in Nigeria. The objective of this study was to investigate the effect of cash management on the performance of listed service companies in Nigeria and to understand the impact of the cash conversion cycle on the profitability and ascertain the impact of cash holding on the profitability. Moreover, Nwarogu et al. (2017) explored the effect of free cash flow on the profitability, an effect of growth on the profitability, and analyzed the effect of firm size on the profitability. The researchers found a significant positive relationship between cash conversion cycle, cash holding, and return on firms' assets, whereas cash flow and firm size have a negative return on assets.

Governance

The effectiveness of working capital management relies on the overall governing mechanism of a firm. The governance oversight includes the handling of current assets, current liabilities, accounts, payable, and inventory, which are the components of working capital (Bahar, Ali, & Shah, 2017). Maintaining quick turn around on accounts receivable and delaying or differing in accounts payable means more cash on hand for the business and adequate inventory level minimize the risk of not meeting customer's demand and lowering inventory-related cost (Nuhiu & Demaku, 2017). Kayani, De Silva, and Gan (2019) examined the firm's effect of corporate governance on working capital management. Kayani et al. (2019) found a positive relationship between working capital management, corporate governance, and firm performance. Kayani et al. (2019) recommended on short-term working capital management and long -term corporate governance.

CEO and board of directors affect the governing mechanism of a company. Narwal and Jindal's (2018) study of 50 manufacturing firms resulted in discovering that board size and auditing activities improved the cash conversion cycle from accounts receivable and accounts payable. Similarly, Ali and shah's (2017) study of 62 firms resulted in discovering that the effectiveness of the board of directors who oversee auditing improved the working capital utilization. Bansal and Sharma (2016) emphasized the role of the company's board of directors for rolling out policies to improve governance. Prasad, Sivasankaran, Saravanan, and Kannadhasan's (2019) study involving 323 firms found CEO duality improved working capital management. CEO duality refers to the CEO holding dual duty as chief executive and the chairman of the board (Tang, 2017). The benefit of CEO duality spring off the concept that a strong and unambiguous authority could result in firm's responsiveness and ability.

One aspect of governing mechanisms is monitoring and controlling working capital. Fiador (2016) supported the notion of improving the governing mechanism to manage the efficiency of the working capitals. Fiador measured the governance mechanism in the context of the cash conversion cycle, inventory, and account receivable and payable. Fiador found the governing mechanism of the cash conversion cycle, inventory, and account receivable and payable affected the efficiency of working capital management. The other influencing factors were firm size, age, and profitability (Fiador, 2016). According to PWC (2018), in 2018, networking capitals of globally listed companies increased by 9.4% from 2017. An increase in net working capital could improve the capital investment of these firms (Prasad et al., 2019). Therefore, effective corporate governance is necessary to improve the management of working capital for a firm's profitability.

Relationship between governance and financial performance. Corporate governance and its role in financial performance are a much-researched topic in the literature. Al-Aldalayeen (2017) explored the impact of corporate governance on the financial performance of Jordanian banks, Jordan Dubai Islamic Bank, and Arab Bank. Al-Aldalayeen collected secondary data between 2010 to 2015 period. In this study, the corporate governance score was the independent variable, and the return on the assets (ROA) was the dependent variable. The result of the research showed no significant impact on the financial performance of Jordanian Islamic banks and Dubai banks of Jordan. However, the study found a substantial impact on the financial performance of three other banks, and those banks were: Bank of Jordan, Arab bank, and Al-Etihad bank. Tyagi (2015) evaluated the impact of corporate governance on the financial performance of IT Indian companies. Tyagi used multiple regression in which board size, CEO duality, and the audit committee were independent variables, and ROA was the dependent variable. The result of multiple regression showed a positive impact of corporate governance on the financial performance of selected Indian IT companies. Alhroob and Al-Dalaien (2016) study showed the same result as Tyagi (2015), indicating a positive impact of corporate governance on the financial performance of a company.

Financial management and profitability. Working capital management is part of overall financial management. Ashvin and Dave (2017) investigated the relationship between financial management and profitability of domestically listed petrochemical companies. The objective of this research was to develop a good understanding of the relationship of LTDER (long-term debt to equity ratio, CR (current ratio), IR (inventory ratio), and DR (Debtors ratio) with PATSR (profit after tax to sales ratio) and develop good insights into financial management practices and their impact on the profitability of the enterprise. The data for this paper came from petroleum, chemical, and fertilizer industries from the Bombay Stock Exchange and National Stock Exchange. Ashvin and Dave collected data for ten years from published audited annual reports. The capital structure found to have a negative relationship with profitability, tax to sales ratio. And the significant level of (LTDER) makes very pertinent, and capital structure is necessary and connected to the variables which influence the profitability. Moreover, Dave found working capital has a positive association with profit after tax to sales ratio. The inventory turnover ratio had a positive relationship with profitability.

Investment diversification and firm performance. Companies' policies affect profitability. Shah, Tahir, and Anwar (2017) compared multinational corporation policies to Pakistan corporation policies. In the study, Shah et al. (2017) found the differences in financial performance as a result of different policies between the domestic and multinational corporations. Shah, Tahir, and Anwar used secondary data from 153 manufacturing firms listed on a Pakistan Stock Exchange. In the study, Shah, Tahir, and Anwar found the multinational corporations performed well than domestic corporations through investment diversification. The finding showed the location of the firm affects its performance. The companies at a different location had different policies relating to working capital and corporate governance. Byrne and Fiess (2016) showed the choices for multinational and domestic corporations to invest in the market depended on financial openness and quality of corporate governance.

Capital Structure and Firm Value

The determinants of capital structure factors are company growth, profitability, asset structure, leverage, and company size. Sutrisno (2016) analyzed capital structure elements and the influence of capital structure determinants of firm value. The population of this study was manufacturing companies listed on the Indonesian Stock Exchange. The author found many variables influenced the capital structure, and the variables were profitability, company growth, asset structure operational leverage, and company size. Statistical analysis reflected company growth has a significant influence on the capital structure, whereas company growth has no impact on the capital. In this study, Sutrisno found a considerable influence on the capital structure as a moderating variable on asset structure, leverage, profitability, and firm value.

Cost of capital and profitability. The cost of capital refers to the price of obtaining capital. AbdSattar (2015) examined the relationship between the cost of capital and performance for KSE 100 index listed companies for the ten-year period from 2004 to 2013. AbdSattar found the cost of capital and its performance effect on firm value and profitability. Agustini (2015) studied the relationship between the cost of capital and profitability of 800 firms from 31 countries. Agustini tested the effect of SMEs' cost of capital and found SMEs' cost of capital has no significant impact on return on assets, which measures the financial performance. Ibrahim and Ibrahim (2015) studied the cost of capital and its effect on financial performance on 11 SMEs listed on the Nigerian stock exchange for five years from 2008-2012. Ibrahim and Ibrahim showed the small and medium enterprises' cost of capital has a significant effect on firms' financial performance.

Financial Crisis and Company Performances

Financial crises because of economic recession could affect business sustainability. Kramaric, Cipci, and Miletic (2017) studied to determine the influence of the crisis on the banks' performance. Kramaric et al. conducted the research using a statistic panel model on a balanced sample of Croatian banks listed on the Zagreb Stock Exchange. The Croatian banks went through many changes, which took place since the beginning of the 1990s. In this study, Kramaric et al. (2017) divided these changes into three stages. The first stage started from 1990 until 1995 when Croatia started building the national sector. The second stage began from 1995-2000 when there was a privatization of state-owned banks. The second stage took place at the end of the war period in Croatia, where many local banks went bankrupt. The last stage was a consolidation phase, which started from 2001 onward. During this phase, there was more competition between the new owners and formation of new strategic plans of international banks in Croatia.

In the research, Kramaric et al. (2017) found bank performance improved during the crisis period when accounting measure of performance. The return on assets (ROA) improved when employing a stock-based measure of the performance. Okoye, Adetiloy, Olayinka, Erin, and Evbuomwan (2017) examined the performance of the Nigerian bank sector in the pre-and post-consolidation period to provide the impact banking consolidation on company performance. The study variables included non- performing loans, return on assets, capital adequacy ratio, liquidity ratio, and total loans. The study findings resulted in a significant increase in loans and advances in economic agents between the pre-and post-consolidation periods.

Leadership

The leadership style affects business performance. Bambale, Girei, and Barwa (2017) investigated the effect of transformational leadership, transactional leadership, laissez fair leadership, and servant leadership on employees' performance in Nigerian small and medium size businesses. The objectives of this study were to investigate if a significant relationship exists between different leadership styles and performance among employees. The total sample size of this study was 361 employees from selected water producing enterprises in Adamawa state in Nigeria. The sample employees met their production targets over the years. In this study, the authors explored how management style affected the economic and social lives of these employees. The researchers stated leadership styles adopted by the management have a significant effect on employee performance and productivity.

Transition

Working capital management presents a big challenge for the U.S. companies. The economic crisis of 2008 led many banks to struggle, and one of the reasons for bank failure is because of ineffective management of working capitals. Working capital mismanagement presents a cash flow challenge for business organizations (Karadag, 2015). Cash flow is important to the company sustainability. The objective of this qualitative, multiple case study is to explore working capital management strategies bank managers use to improve cash flow and thereby, enhance profitability. The specific target population for this study will be three managers from three different U.S. banks located in Lexington, Kentucky, who have successfully implemented working capital management strategies to increase bank profitability.

In this section, I stated the problem statement, purpose statement, research questions, and interview questions. Section 1 includes a discussion of the conceptual framework, the significance of the study, and the literature review. Section 2 includes the role of the researcher, the research method and design, participants, populations and sampling, and ethical research. Moreover, in Section 2, I discussed the data collection method, data organization, data analysis techniques, the measure taken to ensure study reliability and validity. Section 3 includes the presentations of the findings, application to professional practices, and study implications for social change. I concluded the section 3 with recommendations for action and recommendations for future studies.

Section 2: The Project

In this study, I focus on how efficient working capital management will increase profitability in the banking sector. In Section 2, I will describe the role of the researcher, the research method and design, the population and sampling, data collection procedure, and data analysis techniques. This section also includes discussion on the validity and reliability of the study.

Purpose Statement

The purpose of this qualitative, multiple case study was to explore working capital management strategies bank managers use to improve profitability. The specific target population for this study was three managers from three different U.S. banks located in Lexington, Kentucky, who have successfully implemented working capital management strategies to increase bank profitability. The findings from this research may help improve business profitability. Effective working capital management could result in business profitability and continuity (Leroy, Manigart, Meuleman, & Collewaert, 2015). Improvement in profitability of banks may lead to business growth, resulting in more employment opportunities for people in the community. Employment opportunities may increase tax revenue for the government and an improved standard of living for the people.

Role of the Researcher

A qualitative researcher’s role is to collect data, analyze data, and then write the study results (Wu, Thompson, Aroian, McQuaid, & Deatric, 2016; Yin, 2017). During a preinterview, I discussed research objectives and explained the participants’ right to withdraw from the research any time before or during the research and obtain signed consent form. In this study, as a primary data collection instrument, I collected data through semistructured interviews, analyzed, and wrote research findings without any bias.

I have worked in the banking sector for over a decade, and I have noticed cognizant of challenges bank leaders face in managing working capital. Therefore, I decided to explore strategies to manage working capital. A researcher should focus the study in the areas of interest to gain a good understanding (Berger, 2015). I do not have any relationship with research participants and their organization. I selected participants based on their expertise in research phenomenon as recommended (Yin, 2017).

A researcher should maintain an ethical standard throughout the research process (Wood, 2017). As a researcher, I followed the Belmont Report (1979) to maintain an ethical standard as recommended by Ross (2015). Three core principles of the Belmont report are respect for persons, beneficence, and justice (Belmont Report, 1979; Wood, 2017). The respect for individuals is about treating research participants as self-governing agents, the beneficence is protecting participants from any harm, and the justice is about fair treatment for participants (Belmont Report, 1979).

Fusch and Ness (2015) indicated a researcher should avoid looking at the data through a personal lens to avoid bias. In this study, I did not inject any personal viewpoints, but rather focused on participants' response to gain a deeper understanding of the research topic. During data analysis, I utilized bracketing techniques to avoid bias. The bracketing technique allows a researcher to avoid predispositions and personal assumptions during data collection and analysis (Sutton & Austin, 2015). An interview protocol helps a researcher maintain consistency during interviews and avoids bias (Wood, 2017). The interview protocol for this study included opening scripts, closing scripts, and tape-recording consent, going over consent form, and asking interview questions. The interview protocol was the same for all participants. An interview protocol provides a set of guidelines to follow to ensure a researcher does not deviate from the research objectives (Castillo-Montoya, 2016).

Participants

Participants in this study were three bank managers from Lexington, Kentucky familiar with capital management strategies. A researcher should compare two or three cases in a phenomenon to study for common experiences among the cases (Yin, 2017). I interviewed three participants and analyze company documents.

I used purposeful sampling to access the three managers in these three banks (Palinka et al., 2015). Purposeful sampling is selecting participants based on a set of criteria (Benoot, Hannes, & Bilsen, 2016). The selection criteria I used require participants are (a) knowledgeable in the company's working capital management, (b) successful in managing and implementing working capitals, and (c) experienced with a minimum of three years in a management position.

I used LinkedIn to access potential participants' profiles. LinkedIn is widely used a social media platform to identify participants who meet the research criteria (Stokes, Vandyk, Squires, Jacob, & Gifford, 2017). I joined the LinkedIn premium service, which will enable me to contact participants via the LinkedIn platform. I identified 10 participants who met my research criteria and sent them an invitation via LinkedIn. I selected the first three participants who responded to my e-mail.

A researcher needs to build a trustworthy relationship with the participants. The participants who responded, but selected for the interview received a thank you note from me. I invited the participants for a preinterview to build trust and to strengthen relationships, as well as verify they meet my sampling criteria. During the preinterview, I shared my interest in the study, went over the consent form, discussed research guidelines, and provided opportunities to ask questions.

Research Method and Design

A researcher may choose from multiple research methods and designs. The purpose of this qualitative multiple case study was to explore working capital management strategies some bank managers use to increase profitability in their business. I used the qualitative method and a multiple case study design in my research. The following is a discussion of the research method and design for this study.

Research Method

Different methods exist to conduct research (Sutton & Austin, 2015). The primary methods are (a) qualitative, (b) quantitative, and (c) mixed method. Choosing a research methodology which is appropriate affects the results of the analysis. In a quantitative method, a researcher uses numerical data to test hypotheses (Sutton, & Austin, 2015). The quantitative research method was not suitable for this research because I did not use numbers, collected statistical information, or tested hypotheses. In a qualitative study, a researcher uses open-ended interview questions to understand the research phenomenon (Alshenqeeti, 2014). The qualitative research method was suitable for this research because the method allowed me to collect data from participants using semistructured open-ended interview questions. Mixed method is the combination of qualitative and quantitative study (Yin, 2017). In this study, I wasn't using a quantitative method. Therefore, a mixed method design did not fit the research question or purpose.

Research Design

There are multiple research designs in the qualitative method: Narrative, ethnography, phenomenology, and case study design. Each of these designs has a set of requirements. In a narrative design, a researcher tries to present real-life experiences through the stories of research participants (Bruce, Beuthin, Sheilds, Molzahn, & Makaroff, 2016; Wang & Geale, 2015). In an ethnographic design, a researcher tries to understand the culture and this design is good to search for spoken and non-spoken words of people as a part of their culture (Yin, 2017). I was neither collecting data in a storytelling format nor exploring a culture. Therefore, both narrative and ethnographic design did not make sense for this study.

Researchers use phenomenological design to study participants lived experience of the perceived phenomena in a general setting (Hanson, Balmer, & Giardino, 2011), which was not the focus of this study. A case study design allows a researcher to collect data through a small sample size in a specific setting (Yin, 2017). In this study, I planned to interview three participants in an interview setting to collect data and, therefore, a case study was suitable for this study. The multiple case study design constitutes three different companies and collecting data from participants from different companies provided me with a different perspective on the study topic.

Population and Sampling

The purpose of this study was to explore working capital management strategies. I used purposeful sampling to choose my participants. The purposeful sampling is a technique in qualitative research method to identify participants knowledgeable in research phenomenon (Palinkas et al., 2015). Purposeful sampling is a non-random data collection method, which does not depend on theories or a set number of participants (Etikan, Musa, & Alkssim, 2016). Convenience sampling and snowball sampling is not appropriate for this study. Convenience sampling and snowball sampling may not represent the population and could be biased (Etikan, Musa, & Alkssim, 2016; Suen, Huang, & Lee, 2014).

The interview is one of the strategies to collect data in a qualitative research study (Isaacs, 2014). The interview consisted of face-to-face open-ended interview questions (Abrams, 2010). In this study, I interviewed participants to explore the views and experiences of the individuals about the phenomenon (Adhabi & Iash, 2017). The selection of participants in a qualitative study will depend on purposeful sampling criteria (Green, Wisdom, Duan, & Hoagwood, 2015). The selection criteria included participants are (a) knowledgeable in the company's working capital management, (b) successful in managing and implementing working capitals, and (c) experienced with a minimum of three years in a management position.

Wahyuni (2012) noted the interview should not exceed over ninety minutes. Folta et al. (2012) reached data saturation in less than 60 minutes. According to Fusch and Ness (2015), data saturation point means no additional information adds any value to the study. In this study, I allocated 60 minutes for an interview to ensure I extract enough information to achieve data saturation.

The sample size for a qualitative research study should provide answers to the research question (Isaacs, 2014). Yin (2017) noted a researcher could obtain a data saturation with small sample size in a qualitative case study with well-crafted interview questions and collecting data from multiple sources. In this study, I asked semistructured, open-ended questions with follow up questions to understand the phenomenon. I applied methodological strangulation to reach data saturation. Methodological triangulation means collecting data from multiple sources (Denzin, 2012). O'Donnell (2014) reached data saturation after two interviews. I collected data from interviews and company documents provided by participants. I reached data saturation with three participants.

Ethical Research

I collected data after receiving approval from the Walden University IRB (01-03-19-0176346). Walden IRB determines the guidelines for the research. The study participants were bank managers in Lexington, Kentucky. I sent the informed consent document to the participants via email. Informed consent refers to the voluntary consent from a participant to participate in the study without incentives or use of force, deception, pressure, or other forms of intimidation (Main et al., 2017; Raj, Choi, Gurtekin, & Platt, 2018). The consent form included (a) an invitation to consent, (b) research procedures, and (c) background information on the research topic. Moreover, the consent form states (a) voluntary nature of the study, (b) risks and benefits of participating in the study, (c) confidentiality, (d) compensation, and (e) contacts and questions, (f) and right to withdraw from the research provision.

All participants who agreed to participate provided their signatures of consent. Each participant’s consent form included the participant’s name, date of consent, and signature, as well as my signature of the researcher. I scheduled an interview with each participant after I received a signed consent form. I sent the consent form via email. The participants signed the consent after I met with them during the pre-interview in which I explained the research procedure and guidelines. I provided no monetary incentive for participants, but provided all participants a copy of 2-page-summary of study findings as recommended by Yu et al. (2017).

The participants have the right to withdraw from the study at any time (Melha et al., 2014). To assure ethical protection participants, I followed the guidelines in the Belmont Report (1979). The three specific principles in the Belmont Report are (a) beneficence, (b) respect for persons, and (c) justice (Rodriguze, Corralejo, Vouvalis, & Mirly, 2017). To protect the privacy of the participants, I coded their identities such as names and positions. Onwuegbuzie and Weinbaum (2017) supported the notion of using pseudonyms instead of a real name to build confidence and trust from participants knowing their information is secure and protected. I kept all the collected data from the study in locked cabinets for 5 years, as required by Walden University. At the end of 5 years, I will shred the paper data, and delete electronic files (Blumenthal, Abrams, & Nuzum 2015).

Data Collection Instruments

A researcher plays a significant role in qualitative research during data collection. Data collection sources may include interviews, focus groups, archival records, observations, videos, existing documents, and artifacts (Green, Camilli, & Elmore, 2012; Jamshed, 2014). In this study, I was the primary data collection instrument. In a qualitative case study research, a researcher is the primary collection instrument and commonly uses the interview for data collection (Pezalla, Pettigrew, & Miller-Day, 2012). The semistructured interview was secondary data collection instrument. Yin (2017) recommended using semistructured interview questions in a qualitative case study. The semistructured interview was more suitable for this research because the researcher explored the phenomenon in depth using open-ended questions (Jamshed, 2014).

The open-ended semistructured interview questions with follow up probing questions will help a researcher to find the answer to the central research question (Jacob & Furgerson, 2012). In addition to the interview, I collected data from the company documents provided by participants. Collecting data from multiple sources will assure methodological triangulation (Yin 2017).

The interview questions for this study helped me to explore the phenomenon in depth to find the answers to the central research question. I sent the consent form to all the participants.Informed consent refers to the voluntary consent of a participant without incentives or use of force, deception, pressure, or other forms of intimidation (Lomelino, 2015). Interview protocol (see Appendix A) is a guideline for the interview process (Yin, 2017). Inconsistencies in the interview protocol could produce different results (Vaismoradi, Turunen, & Bondas, 2013). In this study, the interview protocol was the same for all participants. According to Harvey (2015), interview protocol helps a researcher to reduce bias by being consistent throughout the interview process.

To enhance the reliability and validity of the study, I conducted member checking after data analysis. According to Harper and Cole (2012), member checking ensures study credibility and reliability. Harvey (2015) added member checking helps a researcher to mitigate bias. Member checking will ensure the feasibility of the techniques used during data analysis and provides an opportunity to have participants review their responses to assure the researcher's interpretation of data is accurate (Hadi & Closs, 2016). I met with the participants after data analysis for member checking to make sure the data interpretation was correct and to add any new information relevant to the study topic. In the consent form, I stated the participants should allocate 30-60 minutes for member checking.

Data Collection Technique

Data collection is an important part of qualitative research. In a qualitative case study, a researcher can collect data from multiple sources. In this study, data collection process involved interview questions, following interview protocol, recording interview data, collecting data from the secondary source, transcript review, and member checking.

Interviews, observations, field notes, research logs, and archival documents are the sources, which are available to a researcher to collect a rich data to understand the research phenomenon (Yin, 2017). In this study, interviews were the primary means to collect data. Besides the interview, I collected data from documents. I asked participants to provide me company documents, which assisted me to find the answers to the central research question. The advantages of interview questions are it allows the researcher to tailor interview questions toward research phenomenon and provides opportunities to ask probing questions to obtain rich data (Yin, 2017). The disadvantage is interview can be invasive, and participants can be untruthful and biased with their responses (Doody & Noonan, 2013). The advantage of company documents is such documents can provide insights to researcher on how the company tackles certain problems (Knauff & Nejasmic, 2014). The disadvantage of company document is difficulty in accessing and the information in the documents can be useless to the researcher since the researcher has no control over the type of information in the documents (Khabsa & Giles, 2014).

According to Yin (2017), in a qualitative case study, an interview is the primary source of data, and the researcher is the primary data collection instruments. Jamshed (2014) noted the interview could be open-ended or close-ended and structured or unstructured. In this study, the interview consisted of open-ended semistructured interview questions and follow-up questions. Semistructured face-to-face interview is the best method to collect data in a qualitative case study as it gives the freedom to participants to answer open-ended questions (Macintosh & Morse, 2015). During the interview, I followed the interview protocol (see Appendix A). The interview protocol consists of the information related to interviewing procedures before participants start answering questions (Gasttillo-Montoy, 2016). There was no pilot testing in this study. However, I did the expert review of interview questions to ensure the effectiveness of data collection. According to Howie and Bagnal (2017), the expert review will help a researcher to improve interview questions and help the researcher to avoid any ambiguity and bias (Howie & Bagnal, 2017). The committee members were the experts who reviewed and approved my interview questions when I presented the study prospectus for approval. After data analysis, I did member checking to ensure research validity. The member checking helps the researcher to validate the research findings by allowing participants to confirm, modify, verify, and add additional information (Birt, Scott, Cavers, Campbell, & Walter, 2016).

Data Organization Technique

In this study, I took various approaches to organize the data. During literature review, I utilized the Zotero program to organize data. Zotero assisted me to organize the literature according to doi number, publication date, and author's name. I organized the collected data using MS word and the MS Excel program. I used Dragon Voice recognition software to translate audio interview data into MS word. The Excel program was suitable to organize the references while calculating the peer-reviewed percentage. During the data analysis phase, I imported the data into NVivo software for coding. Coding enables to similar group patterns into themes (Stuckey, 2015). The Nvivo will assist a researcher to organize patterns and themes (Onwuegbuzie & Weinbaum, 2017).

In this study, I kept all data safe. I kept the paper data in a locked cabinet. I kept all electronic data in a password-protected desktop and portable drive. Wolf, Parkinson, Gruenheit, Melo, Rozen, and Thompson (2015) mentioned the researcher needs to keep the participant's information confidential. I did not use any personal information for any purposes outside of this research project. Data will be kept for at least 5 years as required by the study. At the end of 5-year-period, I will shred all paper related data and delete all electronic data (Blumenthal, Abrams, & Nuzum, 2015).

Data Analysis

Data analysis of qualitative research is the process of examining, organizing, transforming, and interpreting data to explain the problem under study (Sutton & Austin, 2015). The overarching research question of this qualitative case study was: What working capital management strategies do bank managers use to increase bank profitability? Triangulation techniques help the researcher to understand the research topic (Yin, 2017). Methodological triangulation allows a researcher to enhance research reliability and validity (Carter, Bryant-Lukosius, DiCenso, Blythe, & Neville, 2014). In addition to interviews, I collected data from the internal documents provided by the participants. The internal documents I sought were in the form of charts, figures, and graphs are relevant to research inquiry.

The interviews consisted of talking to participants from multiple companies. I analyzed the data separately from each interview and then compare across the cases (Taylor & Thomas-Gregory, 2015). The data analysis is to develop themes to understand a research phenomenon (Ginsberg & Sinacore, 2013). I audio recorded the interviews. I converted the interview data to MS Word using Nuance Dragon software. Maxwell (2013) indicated converting audio data into written text to help a researcher during data analysis. The data analysis steps included transcribing the interview responses, collecting data from company documents, developing themes, and drawing conclusions. The 5 steps in data analysis were: Compiling, disassembling, reassembling, interpretation, and conclusion (Yin, 2017).

During the compiling phase, I organized the literature review references in MS Excel. Nassaji (2015) used MS Excel to organize qualitative data before analysis. I organized the data from the company documents in Excel and Pdf file format on my desktop, whereas, transcribed interview data was in MS word. Most researchers use qualitative research software for coding (Sutton & Austin, 2015). When compiling and dissembling data, the researcher used Nvivo 11 software to break down and label the data. Kirby, Broom, Adams, Sibbritt, and Refshauge (2014) noted NVivo has a built-in function to help a researcher to compile, disassemble, and reassemble data to develop themes. NVivo has a distinctive feature such as character-based coding, rich text capabilities, and multimedia functions are important for qualitative data (Zamawe, 2015). I reassembled the codes into multiple categories. I eliminated the redundant codes and put together the similar codes to identify patterns and themes in data in each category. Later, I combined similar themes from each category and measure a frequency of occurrence.

Any researcher understands the importance of comparing study findings with new studies published since the writing of literature review. I correlated the key themes from newly published literature through cross-reference using a thematic analysis approach. The thematic approach allows a researcher to compare key themes within the literature and the conceptual framework (Teruel, Navarro, González, López-Jaquero, & Montero, 2016). Thematic analysis is a process to distinguish similarities and variations in themes (Petty et al., 2012). Braun, Clarke, and Terry (2014) cautioned to focus on themes relevant to research inquiry.

Reliability and Validity

Reliability and validity are research quality measures (Yin, 2017). Reliability and validity are two elements, which any qualitative researcher should address while collecting and analyzing data to maintain the quality of the study (Yin, 2017). Reliability is the ability of others to repeat a study and achieves similar results (Alshenqeeti, 2014; White, Oelke, & Friesen, 2012). Validity, on the other hand, refers to the accuracy of the assessment (Bolrrinwa, 2015).

Reliability

Reliability refers to the dependability of the study. It means if the same work is repeated in the very same context using the same participants and methods, then similar results will yield (Merriam & Tisdell, 2015). Dependability requires the research process to be carried out in detail to enable future researchers to continue to research the topic (Roberts et al., 2014). Detailed coverage of the research process will allow a future researcher to determine effectiveness of the methods used to conduct the research. The report included the research design, the research planning process, data collecting and analysis process, and described how the researchers = carried out the research. Finally, the research report should include the appraisal of the research by evaluating the effectiveness of processes used in the study (Elo et al., 2014; Lub, 2015;). Methodological triangulation can enhance research reliability (Yin, 2017). Methodological triangulation is about collecting data from multiple sources. In this study, I collected data from interviews and documents provided by the participants.

Validity

Validity refers to the accuracy of data collection and analysis (Bolrrinwa, 2015). The validity of the research is about the study (a) credibility, (b) transferability, and (c) conformability. The credibility and conformability ensure internal validity, whereas transferability measures external validity.

Credibility. Credibility reflects the confidence and trust in the research findings (Anney, 2014). Credibility means the results should be believable (Anney, 2014). Internal validity is the way a researcher determines the credibility of the research (Merriam & Tisdell, 2015). To ensure credibility, I conducted member checking after data analysis. According to Hadi and Closs (2016), member checking enables research to ensure the credibility of qualitative studies. In member checking, participants check for accuracy and make sure data interpretation resonance with their experience (Birt et al., 2016). I met with participants for 45-60 minutes, in their office for member checking and added new information relevant to the study topic.

Conformability. According to the Anney (2014), conformability refers to the degree to which the results of inquiry could be confirmed or corroborated by another researcher. Conformability ensures interpretation of the findings is not fabrications of the inquirer's imagination, but reflects an accurate interpretation of data. To address conformability, a researcher needs to avoid biases while conducting the study. The researcher needs to reveal their predispositions by stating the beliefs underpin the methods adopted and the decisions made (Leung, 2015; Lub, 2015). The researcher should address the reasons for favoring one approach over the others and the weaknesses in the approach taken. The research should have an audit trail, which will enable other future researchers to trace the research up to the findings (Merriam & Tisdell, 2015). I maintained a reflective journal throughout the study doting down the key activities and notes, which will enable me to do an audit of my research if necessary.

Transferability. That external validity measures the degree to which the results of the study can be useful in other situations (Khorasan & Crawford, 2014). Readers will determine to what extent the research findings apply to their environment or situation (Barnes et al., 2017). I ensured study transferability by carefully designing the interview questions, so the study findings could apply to the population outside of the study. A researcher needs to include information such as the number of the participants who took part in the study, the data collection method, and the period over which data gathering occurs to let future business leaders to determine if the study findings apply to their businesses (Leung, 2015). It should also include any restriction on the people who provide the data and the length and number of data collection sessions. Most importantly, the report should contain the number of participants who took part in the study and their locations (Lub, 2015). To ensure transferability, I described the participant’s eligibility criteria, data collection methods such as interviews and company documents, and provided descriptions of company type and geographic location while maintaining the confidentially.

Data saturation. Data saturation is collecting enough data to find the answer to the central research question. According to Fusch and Ness (2015), data saturation is a point in the research where any additional information does not add value to the research. I ensured data saturation through methodological triangulation, selecting an adequate sample size and qualified participants, and by asking open-ended interview questions followed by probing questions.

Transition and Summary

The objective of this qualitative, multiple case study was to explore working capital management strategies bank managers use to improve profitability. In this section, I discussed the chosen research method and design, participant selection criteria, and highlighted my role as a researcher. The qualitative case study rigor requires a researcher to identify data collection sources, organize data, analyze data, and draw a valid conclusion. In Section 2, I justified my data collection sources, which are interviews and company documents provided by the participants. I made a case on how I organized and analyzed the collected data. I wrapped up the section by discussing the measures to ensure study reliability and validity.

The Section 3 includes the study findings. I provided recommendations on how future researchers could handle such limitations. Moreover, Section 3 includes a recommendation for actions, social implications, and my reflections on the challenges I faced during the research.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The objective of this qualitative multiple case study was to explore working capital management strategies bank managers use to improve profitability. The study findings resulted in three themes. The themes identified represent the working capital management strategies used to improve profitability. The participants stated managing working capital is about managing the risk and improving leverage. In the top-down approach, participants suggested implementing a working capital budgeting approach from executive to departmental level. Finally, the participants stated that investment strategies to enhance working capital can include aggressive, conservative, and hedging strategies. The strategies identified represents the holistic approach towards managing working capital to improve profitability, rather than focusing on managing specific components of working capital. The themes identified supported the findings from the literature and are within the realm of the CCC framework, which is the conceptual framework of the study.

Presentation of the Findings

Working capital management is essential for the efficient operation of the organization because it ensures effective use of financial resources (Kieschnick et al., 2013). Inefficient working capital management contributes to more than 50% of business failures (United States Securities and Exchange Commission, 2013). The following research question guided this study: What working capital management strategies do bank managers use to improve profitability? I identified participants through purposeful sampling. The three selected participants provided answers to seven semistructured interview questions and participated in member checking to validate the data analysis and interpretation. The interview responses, analysis, and company documents provided by participants helped me identify various strategies that I grouped under three major themes.

Emergent Themes

Theme 1 includes risk and liquidity in working management strategy. Under Theme 1, the participants discussed risk management, liquidity and its impact on working capitals, and managing of the component of working capitals. Theme 2 was a top-down approach. The topic of discussion under a top-down approach includes capital budgeting to enhance working capital and the use of risk-adjust return in capital allocation for the operation of individual company units. The third theme includes aggressive, conservative, and hedging working capital approach. The participants discussed cash flow, cash flow forecasting, and working capital management strategies applicability to meet business needs. The themes and their corresponding frequency from the semistructured interviews and company documents are depicted in Table 1 below.

Table 1

Frequency of Themes

Themes	*N*	Incidence
Risk and Liquidity	66	39%
Top-down approach	58	34%
Investment approach	46	27%

Theme 1: Risk and Liquidity

All of the participants grouped working capital into permanent working capital and temporary working capital. The participants noted both groups of working capital are prone to credit risk, liquidity risk, market, and operational risk. Managing all risk is essential for the effectiveness of working capital (Njoroge, 2018). Among all risk, the participants identified credit risk having a significant impact on working capital management because banks issue lines of credit to generate income. The bank often faces credit risk because of personnel defaulting on outstanding loans; hindering inflow of working capital. According to Awais (2017), addressing all risk is essential while managing working capitals. Yeboah and Yeboah (2014), found credit risk affected the bank's profitability. P2 noted they have clear procedures and policy to identify, deter, and mitigate credit, operational, and liquidity risk. P2 provided me with the company documents titled, *Bank Liquidity Management Tools and Monetary Policy* for review. All participants stated they optimize financial functions to address account receivables, inventory management, and accounts payable, which are components of working capital. Samilogiu and Akgun (2016) found a significant relationship between risk, cash flow, and the components of working capital. I agree with all participants, who noted that the approach in working capital management stem from their risk management strategy.

P3 added that both accounts receivable and payable are subject to systematic and unsystematic risk. P3 provided documents for review, which included management of receivables, risk assessment tools, and their banks' auditing framework. P2 supported the risk management notion by describing a strategy to optimize working capital used to reduce the risk associated with accounts receivable, increase accounts payable, and manage inventory. Eva

(2016) noted the importance of cash generation to meet business operational activities and for debt payment. P3 stated, “We have sound account receivable function, account payable practices, effective bargaining strategy for favorable credit terms, and volume rebate programs, and benchmarking vendor contacts to the industry standard to improve our cash flow.” As such, all participants stated prioritizing accounts receivable and accounts payable management as a risk deterring strategy.

All of the participants noted the cost implications to their businesses resulting from risk. P3 said, “We are aware of the risk that hinders us from getting money from debtor soon, negotiating credit terms with bank vendors, and lowering bank interest cost.” P1 posited overhead expenses could affect working capital, and therefore, business leaders must lower overhead costs. According to Leventis, Dimitropoulos, and Anandarajan (2011), banks are facing liquidity risk, and bank leaders have incentives for managing working capital to avoid the cost and regulatory challenges. P3 noted the bank leaders use explicit knowledgeable available in the Basel Accord to using working capital through risk assessment. All banks comply with the Basel Accord to identify and track risk-related data for the banking industry. The scope of the Basel Accord is to identify and guard financial and operational risk (Bashir, 2018). The data in the Basel Accord include all types of banking risk. Employees acquire tacit knowledge through observations, insights, and intuitions, which often result from shared activities (Chuang, Jackson, & Jiang, 2016). The bank leaders develop sound internal risk-adjusted working capital requirements based on explicit knowledge and tacit knowledge (Barth & Miller, 2018). All participants noted that the bank leaders who take and manage their risk clearly understand the scope of the risk. Participants assured me that working risk-adjusted capital allocation is within an organizational limit, and the risk-taking activities are in alignment with business strategies and a corporate goal.

All of the participants noted the use of technology to shorten the cash conversion cycle and improve the efficiency of working capital. P2 stated, “We have implemented a vendor portal, giving vendors access to invoice and electronic payment. The use of technology helped us to resolve a dispute, robust reporting, and resolves delinquent account, which affect the company cash flow.” According to P3, the company leaders optimize financial functions through business intelligence to improve cash management. Nwarogu et al. (2017) explored the effect of free cash flow on the profitability and found a significant positive relationship between cash conversion cycle, cash holding, and return on a firm’s assets. For example, P3’s company’s use of the sound business intelligence software enhanced the accounts receivable function, accounts payable practices, effective bargaining strategy for favorable credit terms, and volume rebate programs. P3 stated their robust business analytics are used to help track cash flow forecasting by looking at key metrics in their balance sheet and income statements.

P3’s company leaders use business intelligence tools to manage working capital turnover in DSO (days sales outstanding) and DPO (days payables outstanding). According to Zeidan and Shapir (2017), both DSO and DPO affect cash flow optimization, which is essential for the management of operating working capital. Cash flow optimization is contingent on CCC (Lin et al., 2016). P3 presented documents relating to DSO and DPO. The review of the documents revealed the variation in operating working capital resulted from changes in the cash conversion cycle. Lampty et al. (2017) used a cash conversion period, average account receivable days, and average account payable days as proxies for working capital management. Lampty et al. (2017)

found the cash conversion period and account receivable days are negatively related to firms' performance while account payable days have a positive relationship with firms' performance. An extended cash conversion period, with longer account receivable days could result in a shortage in cash flow, whereas a larger amount of account payable days may enable managers to hold on to their cash for liquidity purposes.

P3 company leaders compared cash flow forecasting with the key metrics in their profit and loss statement and their balance sheet to track the effectiveness of their working capital management. According to Webner (2018), analysts forecast earnings per share and long-term growth earnings to better understand the company's cash flow. Salas-Molina, Martin, Rodriguez-Aguilar, Serra, and Arcos (2017) highlighted the importance of cash flow forecasting for cash management. Business leaders could use forecasting techniques to understand cash flow from CCC, which could be looking at historical data, anticipated sales, and investment results. P3 showed charts about the company's month by month inflows and outflow of cash. P3 added, "This ensures us that we have access to cash to meet an ongoing business obligation." Moreover, the company documents reviewed during the interview and analysis process included cash credit, bank guarantee, structured cash flow financing, and short-term finance with the use of business intelligence tools. The effective cash flow forecast through effective business intelligence tools could help managers foresee future cash flow needed for working capital management.

All participants noted the importance of liquidity position in working capital management. According to Richards and Laughlin (1980), incorrect evaluation of liquidity could result in business leaders not being able to allocate correct working capital. Banks must comply with the regulatory body on capital holding requirements. P2 said in multiple instances, the banks borrowed from other banks when the security market price declined, or the business needed additional funds to meet the reserve. According to P2, borrowing to meet liquidity need is better than selling securities, which can be expensive. P2 added, the leaders found borrowing effectively more beneficial than calling back outstanding loans or placing an embargo on new loans. Dixit (2015) found a significant correlation between working capital management and a firm's solvency position. The CCC concept is suitable to measure of liquidity of the firm over time (Das, 2015). The business leaders use the CCC to evaluate liquidity by looking into a firm's borrowing capacity and the volatility of cash flows (Richards & Laughlin, 1980). All of the participants stated banks maintain liquidity levels by ensuring the correct proportion of depositor's funds that could be demanded in any period.

When asked to expand upon the strategy the company used to maintain their liquidity position through working capital management, P3 noted that the cash holding, and investment nature depend on the size of the bank. P3 stated that because the company is a small bank and is expanding, the company has less cash holding. P3 continued, "Since we are a small bank, we do not hold a large sum of liquid cash to meet normal transactions." The cash flow depends on CCC (Richards & Laughlin, 1980). Therefore, shorter CCC improves cash flow (Lin et al., 2016), which business leaders use to mitigate the risk associated with the components of working capital. P3 provided me a document that shows factors affecting the banks cash flow, which includes business profitability, overdraft, working capital, credit or arrears, and taxation. Umoren and Udo (2015) examined the impact of working capital management on the liquidity and profitability and found a positive relationship between banks performance, cash holdings, and the size of banks. Therefore, participating company leaders may use aggressive, conservative, or moderating investing strategies to maintain liquidity positions based on growth, size, and operating cash flow requirement.

The business leaders use the CCC to evaluate liquidity by looking into a firm's borrowing capacity and the volatility of cash flows (Richards & Laughlin, 1980). P2 mentioned their company set up communications with big depositors regarding their scheduled withdrawals. P2 said the company held more cash when the bank credit is less available, and the probability of refinancing debt is lower. P1 stated their company leaders look at the holistic business operating environment and foreseeable risk and have a ready source of cash on hand as a strategic contingency plan. Moreover, all participants noted that a business leader should have access to alternative sources of funding to meet short term cash obligations.

Theme 2: Top-Down Approach

All participants stated that working capital management involves holding cash required to meet regularity guidelines and budgeting of working capital throughout organizational units. Budgeting requires allocating appropriate funding for business operations (Samuelsson, Andersén, Ljungkvist, & Jansson, 2016). FDICIA imposed a substantial penalty for banks that do not meet the minimum capital requirement (Walter, 2019). P3 provided the bank's FDICIA compliance guideline brochure for review. P3 noted inefficient capital allocation through budgeting could result in liquidity constraints affecting bank activities in all units. According to P3, the banks need to determine the capital necessary to support each significant bank activities and bank leverage. Kabuye, Kato, Akugizibwe, and Bugambiro (2019) noted incorrect evaluation of banks overall liquidity position could result in business leaders not being able to understand the firms’ working capital. According to P2, over the past few decades, the bank leaders have been working on developing and instituting company-wide capital allocation strategies or budgeting strategies for their bank activities. Richardson and Taylor (2012) and Lazenby (2013) noted budgeting decisions are limited to organizational leaders in the top-down approach. All participants indicated that the bank's leaders adopted the top-down budgeting approach, in which the company calculates the working capital needed down to the level of individual products, business transactions, and maintaining customer relationships.

P2 stated that prior bank leaders allocated working capital based on risks related to the bank's credit portfolio. In 1993, P2’s bank formed a risk and capital analysis department to measure and develop risk-adjusted profitability measurements from corporate to departmental units. The bank leaders watch for non-hedgeable risk that originates at the corporate level and affects the business unit underneath. Then, the leader applies risk-adjusted working capital allocation to all business units. The bank leaders need to apply risk-based working capital allocation in budgeting (Froot & Stein, 1998). P2 suggested optimal working capital allocation to minimize non-hedgebale risk. According to P2, the bank has developed a proven methodology to allocate capital to each business unit, which depends on risk and return. P2 added, “Now we quantify the capital necessary to support all banks' activities, whether it is fee-based, trading activities or traditional lending. We know the exact amount of capital required for the functioning of banks 23 business units." Therefore, according to the participant, the risk-based working capital allocation in each unit could provide a uniform approach to enhance the bank's performance.

P1 noted that each business unit, from top to bottom, in the bank, operated in AA rating standards and managers calculate standalone risk for each unit. The business units were under consumer and commercial banking. P1 provided the list of business units and briefly discussed the risk to these units and the impact of working capital to mitigate the identified risks. According to P1, managers evaluate each unit in a top to bottom strategy based on three types of risk: credit risk, market risk, and business risk. “We evaluate how these risks affect the individual units how it contributes towards the over organizational risk” (P1). Then, with the risk management approach, the bank leader analyzes each component of working capital, cash flow, and budgets to fund the units. Samilogiu and Akgun (2016) found a significant relationship between risk, cash flow, and the components of working capitals. P2 said, “We calculate the economic impact of each of the above risks on an annual basis and decide the effectiveness of working capital. It will help us with working capital budgeting for the next fiscal year.” P1 said, “Our top-down risk assessment approach allows how to aggregate working capital at various levels without compromising performance. We calculate credit risk at the individual loan level.” Lazenby (2013) stated the traditional budgeting approach which top-down enables business leaders to have control over working capital and the use of an organizational resource.

P1 provided the documents relating to sensitivity analysis, risk modeling features, graphs, and reports from Monte Carlo simulations. The document review resulted in discovering that the P1 company leaders calculate risk using value at risk framework at each departmental unit. P1 mentioned, for a mortgage and high equity loan, the managers calculate risk using a Monte Carlo simulation. According to P1, each quarter, managers brief top management on risk and economic profit of individual units. P1 provided the document relating to how banks calculate risk-adjusted working capital for each unit. P1 said, “The effectiveness of working capital is calculated using the rate of return (RAROC) on the capital in which we divide the rate adjusted net income by the total amount of capital assigned based on the risk calculations.” Ward and Lee (2002) used the RAROC framework to analyze the risk of financial institutions and found RAROC enabled business leaders to make strategic and tactical decisions needed to allocate amounts of working capital required to mitigate risk. Grundke (2010) stated a risk integrated approach usually involves a top-down approach in banks. However, all participants noted managers should explore the effectiveness of working capital management by thoroughly understanding the business landscape and operating requirements.

All participants said by allocating working capital, each unit from the top-down, managers know the bank’s optimal capital structure requirement. All participants brought their companies' risk management documents to the interview. P2 stated calculating risk-adjusted return for each unit. All participants stated market friction affects each unit directly or indirectly. The market frictions are limited public information, collections, and business negotiations. P1 posited measuring the benefits of financial leverage to costs when doing capital budgeting for each unit. According to P1, high financial leverage could add distress to banks. Mule and Mukras (2015) supported the notion that high leverage could result in a direct and indirect impact on cost, thereby affecting a firm’s financial performance. As such, all participants stated that calculating the risk and volatility of each unit is important to the bank’s entire capital structure.

Capital budgeting is one primary concern to all three bank managers. Froot and Stein (1998) stated in the capital budgeting process, business leaders allocate capital to mitigate the cost of external financing to improve cash flow. Capital budgeting requires cash flow, which results from CCC (Richards & Laughlin, 1980) and the overall variability of cash flow is essential to evaluate risk in individual business units within the company. According to P1, the allocation of working capital also depends on the cost of external financing and cost associated with short capital falls. Froot and Stein (1998) noted business leaders allocate capital budgeting to mitigate the cost of external financing. P2 added, leaders evaluate the performance of its business units as residual income, which is the ex-post measure of business unit performance. The interview findings revealed that the participating bank managers pay attention to working capital while doing capital budgeting for the company, including all units.

Theme 3: Investment Perspectives Approach.

Working capital is the difference between a company's current assets and current liabilities. Maama, Kusi, and Nsowah (2016) stated working capital management is short-term and long-term management of the company's current liability and current assets, which affects firms' profitability and sustainability. P1 sated bank failure to manage working capital could result in bankruptcy. P1 noted in the last two decades over 500 banks in the United States went bankrupt. According to P3, the company is growing, and its current liabilities exceed current assets, and therefore, the company deploys an aggressive working capital strategy by funding current liabilities with minimal current assets. However, P2 stated the company has more current assets versus current liability, reflecting their company is adapting conservative working capital strategies. The interviewed participants noted that the company does not use all three types of working capital management strategies, which are aggressive, conservative, and hedging strategies.

The participants provided insight into three types of investment strategies to manage working capitals. Maswadeh (2015) used aggressive, moderate, and conservative working capital strategies to study company profitability. According to P2, aggressive strategies have high risk, but profitability is high. P1 noted the aggressive strategies are suitable if business leaders want to finance fixed assets as part of working capital management. In an aggressive working capital management approach, the manager finances fixed assets through long-term debt, which can be risky yet profitable to the business (Tahhir & Anuar, 2016). P1 said, the conservative strategy involves low risk and yet maintains profitability. The conservative working capital management epitomizes the cash level, and in this approach, managers finance permanent assets to meet all or part of seasonal needs (Tahhir & Anuar, 2016). According to P1, in a conservative strategy, liquidity risk is low at the cost of a large interest outlay. P2 noted the bank experienced a negative relationship between profitability and aggressive working capital investment. The findings revealed that managers used the tenet of CCC to optimize cash flow, and business leaders use aggressive and conservative working capital to improve cash flow based on business needs.

All three participating companies have similar aggressive asset management strategies. P2 noted in many instances, return on investment increased because of the high operating cycle of the company’s current assets. P1 suggested the business leader should adopt an aggressive strategy on current liabilities and seek a conservative strategy on current assets. According to P1, such action will balance between the risk and return. Moreover, P1 added if managers use an aggressive strategy in the management of current assets and management of current liabilities, both risk and yield could increase. P2 noted a hedging strategy is financing working capital with moderate risk and profitability in which the business leaders finance assets with debt instruments with the same maturity. Breeden and Viswanathan (2016) stated that business leaders use hedging strategies because of information asymmetries. Participants noted the type of asset management strategy depends on firm size, solvency, and risk tolerance.

The participants stated the company leaders investigated multiple triggering factors such as credit, operational, market, and liquidity risk that affect working capital management strategies. P2 provided me the company documents that listed 13 risk triggering factors. P2 noted risk factors could be controlled through hedging. According to DeAngelo and Stulz (2015), hedging is tool banks use to reduce asset-related risk. In moderate or hedging strategy, business leaders adequately adjust company assets with its current liability (Yeboah & Agyei, 2012). P3 stated in a hedging strategy, the company leaders finance assets with debt instruments with the same maturity. According to P2, the hedging strategy is about utilizing long term sources of financing for long term assets. Maswadeh found a stronger relationship between hedging strategies and profitability than aggressive strategy. P2 noted the company leaders financed temporary working capital with short term sources of finance. P2 brought a chart that illustrated the bank's working capital management strategies. The chart included information on how the bank managers conducted risk versus cost trade-offs using aggressive, conservative, and hedging working capital management strategies. According to P1, the risk the bank leaders should not tolerate is liquidity risk and non-tradeable risk. The interview and document review revealed that managers tailored working capital management based on their risk appetite.

Kieschnick and Rotenberg (2016) found that Canadian company leaders increase cash holding and derivatives as hedging strategies in their business. However, there is a limitation of hedging. “Bank leader cannot manage all risk through hedging. Therefore, we prioritize in risk in terms of its impact on business,” stated P2. The criteria P2’s company uses come from simple questions: What risk is detrimental to the bank’s financial profitability? Is it an internal risk, or strategy risk, or external risk? When asked to expand these ideas, P2 said the risk management strategies include a credit default swap in which bank leaders shift the credit risk to another intuition. P2 noted when doing a credit swap, managers tranche the bank loans into marketable security and then sell the loans through a special purpose equity, which is a subsidiary of the company. The interview responses revealed that company leaders prioritize their risk management approach in investing according to the Basel accord.

Information asymmetries could affect working capital management. P2 said, “We encounter information asymmetries, which could result in the mishandling of our investments. Ineffective aggressive and conservative strategies could affect the bank's liquidity position. According to P2, tying cash flow to fixed investment could result in liquidity constraints. P1 said working capital management strategy requires business leaders to manage the balance between liquidity and profitability. P1 added, liquidity is essential for banks to meet short term obligations, which is ensuring the banks have liquid funds to meet customers’ withdrawal. All participants stated they maintain a high liquidity level to protect against future uncertainties.

P3 presented a document that shows the bank benchmarking liquidity exposure to other banks. The document showed how bank leaders compare core deposits to total assets, loans to deposits while making a commitment to lend money. Analysis of the document resulted in finding the P3 bank is exposed to less liquidity risk than other banks in comparison. Moreover, the P3 bank relies more on the core deposits to fund its assets than its counterparts. P3 said, “We measure our efficiency based on our cash holdings.” Nwarogu et al. (2017) found a significant positive relationship between cash holdings and return on firms’ asset. P3 added, “This does not mean we do not put funds in the idle investment vehicles if the return is higher than holding cash on hand. We are on a constant lookout for how we can maximize the funds we receive from customers, creditors, and ensure an appropriate mix of funds in possessions.” All participants supported debt financing because of cost and tax implications. Hebous and Ruf (2017) stated debt financing looks attractive in the high tax environment. Participants noted managers reserve cash for customer transactions, as precaution measures and speculation purposes.

P1 said, the business leaders need to monitor current assets and keep at a realistic level. According to Nag and Arickal (2016), working capital management depends on current assets. All participants brought their companies’ current balance sheets to the meeting. However, P1 discussed the information in the balance sheet in-depth. P1 noted their bank’s balance sheet was different than a general company balance sheet. The balance sheet showed an accurate tradeoff between profit and risk. P1 suggested keeping the working capital ratio low and letting the cash circulate for smooth cash flows. All participants agreed proper cash flow forecasting is essential for working capital management. Gao and Wang (2017) stated the efficiency of working capital management depends on cash flow forecast accuracy. Salas-Molina, Martin, Rodriguez-Aguilar, Serra, and Arcos (2017) highlighted the importance of cash flow forecasting for cash management. Business leaders could utilize forecasting techniques to understand cash flow from CCC, which could be looking at historical data, anticipated sales, and investment results. P1 viewed account receivable and account payable in terms of time and money.

According to P1, the effective means to manage working capital is purchase at a low price, sell high, collect money early, and pay late. Each participant noted the importance of a sequential and proper cash flow forecasting.

Application to Professional Practice

The results present banking leaders with information about the risk and liquidity position to improve a firm's profitability. The findings supported risk management to maintain liquidity, which is essential in working capital management to meet liabilities. Kumar (2016) and Ahmad (2016) analyzed and evaluated the liquidity position of the company through the components of working capital and found a firm's liquidity has a positive impact on profitability. Moreover, bank managers could use business intelligence tools to manage DSO and DPO to improve CCC. According to Zeidan and Shapir (2017), both DSO and DPO affect cash flow optimization, which is essential for the management of operating working capital.

The investment approach stated in the findings could significantly improve CCC and profitability. Mansoori and Rostami (2017) stated that proper investment in working capital could decrease risk and improve leverage. The results showed that the RAROC approach is effective in improving cash flow. Ward and Lee (2002) noted that RAROC enables business leaders to make strategic and tactical decisions needed to allocate amounts of working capital required to mitigate risk. RAROC depends on the right investment strategy. The findings resulted in discovering that the participating firms' managers utilized conservative, moderate, and aggressive investment strategies based on the business cycle to maintain adequate cash inflow to address short term and long-term debt obligations. Maswadeh (2015) noted the use of correct aggressive, moderate, and conservative investment strategies as it relates to working capital management to improve profitability.

The findings supported budgeting to remove the constraints affecting bank activities. Budgeting is an integral part of the business to maintain some degree of control (Kruis, Speklé, & Widener, 2016). The adequate capital budget allocation strategy mentioned in the study findings could enable business leaders to support significant bank activities to meet the shortfall in working capital. The study findings revealed the implementation of budgeting practices through a top-down approach. The bank leaders could use a top-down approach to funnel down strategic decisions to departmental levels, eliminating information asymmetry relating to the management of working capital. Therefore, departmental level bank managers have a better understanding of how to manage working capital components to improve cash flow leading to improved performance. A positive correlation exists between positive cash flow and financial performance (Karadag, 2018).

Implications for Social Change

Working capital management is essential because it has positive impacts on business (Wasiuzzaman, 2015). The results of this study include potential implications for social change. This study resulted in three themes, which could help managers improve working capital management. The proper management of working capital could contribute to an increase in cash flow and liquidity. Handling the risk successfully by managers could improve liquidity, and a correct investment approach could result in business profitability. Business profitability could result in business growth. The effect on business growth is more employment opportunity and less job loss. The positive social change is possible rise in employment opportunities, which could result in less crime in the community, more tax revenue for local government, and an improved standard of living for people. According to Ogbogbomeh and Ogbeta (2014), when an organization contributes to society, it could help them to ensure business continuity.

Recommendations for Action

The banking system plays an important role in the economic growth of a country. Therefore, the financial success of banks is imperative and one approach to improve the financial health of banks is through appropriate working capital management (Godswill, Ailemen, & Osabohin, 2018). The objective of this qualitative multiple case study was to explore the strategies bank managers used to improve their profitability. The study findings resulted in three themes, which are risk and liquidity, top-down approach, and investment.

The strategies identified could help bank leaders manage working capital for a bank's profitability. Managing risk and liquidity will improve banks leverage and enables bank leaders to maintain an adequate level of funds for working capital (Ghenimi, Chaabi, & Omri, 2017). The top-down approach strategy includes bank leaders incorporating practices from the corporate level to functional units to improve working capital. The investment approach enables business leaders to consider aggressive, conservative, and hedging strategy to meet the business objective to improve inward cash flow to meet working capital needs for business continuity and sustainability (Nazir & Afza, 2009).

I plan to disseminate the study finding through bank events, seminars, and conferences. I intend to publish my study in a peer-reviewed journal and industry magazines. Moreover, I will publish the study finding to newspapers, periodicals, and bank newsletters. Lastly, I will pursue to include my studies in databases like ProQuest and ABI/INFORM Complete.

Recommendation for Future Studies

Effective working capital management strategies are essential for bank leaders to improve profitability (Samson, Mary, Yemisi, & Erekpitan, 2012). The study focused on working capital management strategy in small commercial banks and was limited to banks in the Lexington, Kentucky area. The future researcher could expand the geographical location and include large banks or other financial institutions in their studies. Moreover, the researcher could use a quantitative research method to examine the relationship between different factors of working capital management and the bank's profitability. The study included holistic strategies from the executive perspective to working capital management. The future researcher could investigate the components of working capital, which are account receivables, account payables, and inventory management and identify strategies to improve these components for bank profitability.

One study limitation was focusing on small banking companies, and therefore, future research in other large financial institutions could provide a holistic approach in working capital management that small commercial banks could benefit. I was mindful of researcher's bias and used bracketing techniques. However, involving more researchers in future research could eliminate the risk of an author's bias and improve the accuracy of the data. The researcher did not ask for sensitive data, which could benefit the study. The future researcher could seek sensitive data that may require company permission for participants to share. Finally, adding more participants to the study could provide an improved perspective in working capital management.

Reflections

I selected the topic of my study to understand how working capital management impacts a bank's profitability. I encountered many obstacles because of academic rigor; however, my chair, committee members, my mentor at the university, and my family supported me throughout, which helped me overcome every hurdle along the way. The doctoral study journey has been a rewarding and positive experience for me. The process was a moment of self-discovery. My experience with the DBA study procedures expanded my knowledge in the subject matter of working capital and helped me improve my research and writing skills.

I have worked in corporate America for decades, and I have read in the news about bank failures. While seeking working capital management strategies, I learned how bad loans, funding issues, regulatory issues, and risk management approach affects a bank's profitability. I understood how top management handles different working capital management strategies to improve profitability. As a researcher, I found agreement among managers in maximizing current assets, minimizing liabilities, and improving cash flow to reduce risk in working capital management.

Summary

The purpose of this qualitative multiple case study was to explore strategies banks' leaders used to achieve profitability. Working capital management strategy could help banks' managers to control their finances and make a profit. The study findings include strategies to improve working capital management. The participants provided strategies in the context of risk and liquidity, top-down approach, and investment approach.

The study findings revealed that successful bank leaders manage working capital by minimizing risk. A top-down approach includes capital budgeting from the executive to the departmental level to ensure a bank's liquidity position. Bank's liquidity depends on cash flow. An appropriate investment approach could help bank leaders to attain sufficient cash flow. Working capital management should be a part of a bank's overall financial management strategy for sustainability and to foster business growth.

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Appendix A: Interview Protocol

The informed consent form will be attached to invitation email. Participants will review the consent form before pre-interview. The following steps are the procedure protocols for the interview:

1) Send the participant an invitation letter with specific calendar days and time to confirm the face to face pre-interview.
2) Pre-interview will take place in participants' office.
3) During the pre-interview, participants have an opportunity to learn about the research, ask questions, and sign the consent form.
4) During the pre-interview, the researcher will fix a time and date for the interview that is convenient for both the researcher and the participant.
5) Before starting the interview, the researcher will seek a permission from participants to begin the audio recording.
6) If the participant agrees to the audio recording, start recording.
7) The researcher will start the interview with opening script which is: "Hello, My name is Khalid said and I am a Doctoral student at Walden University. Thank you so much for volunteering to participate in my study."
8) The researcher will start asking interview questions and follow up questions.
9) The researcher will end the interview when there is data saturation.
10) The researcher will assure all participants that responses will be confidential and privacy of the participants will be protected and the published doctoral study will not include any information about the participant in order to protect your identity.

11) The researcher will advise participant that they will receive a copy of the transcribed interpretation of the audio recording.

Appendix B: Invitation Letter

Hello (Potential Participant), my name is Khalid Said. I am a doctoral student at Walden University. I am researching to explore working capital management strategies that bank managers use to improve profitability. Recently, I reviewed your LinkedIn profile. You meet research participation eligibility criteria set by the researcher. If you are interested in participating in this valuable research voluntarily, please review the attached consent form.

The consent form provides information on research guidelines and your role as a research participant. If you decide to participate, I will be inviting you for pre-interview. During the pre-interview, I will go over the consent form and answer any questions you may have before signing the consent form. Please send me an email reply with any questions you may have.

Regards,

Khalid Said

Appendix C: Not Selected for the Research Letter

Dear XXXX,

Thank you for your interest to participate in the research. I have met my participant requirement. In future, if there is a need for an additional participant in the study, I will contact you. Again, thank you for responding to my invitation email.

Sincerely,

Khalid Said

Appendix D: Interview Questions

The following interview questions support the central research question:

1. What working capital management strategies do you use?
2. How do those strategies work to improve profitability?
3. Can you provide me some examples of how those strategies have worked?
4. What barriers do you encounter in using working capital management strategies to increase bank profitability?
5. What strategies that have not worked and how have you adapted or changed them to be a better fit or more effective?
6. How do you assess the effectiveness of working capital management strategies?
7. What additional information would you like to share regarding how you use working capital management strategies to increase profitability?

Appendix E: NIH Certification

Certificate of Completion

The National Institutes of Health (NIH) Office of Extramural Research certifies that **khalid said** successfully completed the NIH Web-based training course "Protecting Human Research Participants."

Date of Completion: 06/20/2018

Certification Number: 2845184

NIH National Institutes of Health
Office of Extramural Research